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MEDIA ALERT

Securities Division aids National Investigation netting \$25 Million Settlement

"Utah to Receive \$246,500 from Wachovia Securities Settlement"
(For immediate release)

SALT LAKE CITY, Utah – The Division of Securities announced today that a \$25 million dollar settlement has been reached between state securities regulators and Wachovia Capital Markets LLC of Charlotte, North Carolina for allegations of potential conflicts of interest between their research analysts and investment banking divisions. Upon final acceptance of the terms of agreement, Utah stands to receive \$246,500 which includes \$30,000 to be used towards investor education.

"Today's agreement is a major step in our ongoing efforts to help maintain investor confidence by ensuring that all investors are provided with objective research and treated with fairness and honesty", said Wayne Klein, Director of the Utah Division of Securities.

Klein made the announcement following a 28-month investigation of the Wachovia Capital Markets, which operates Wachovia Corporation's institutional brokerage and capital markets businesses. The investigation was led by a multi-state task force of state securities regulators from Nebraska, Virginia, North Carolina and Utah.

The settlement, the allegations of which were neither admitted nor denied by Wachovia Capital Markets, includes the following charges;

- State investigators determined Wachovia Capital Markets failed to supervise its employees in connection with potential conflicts of interest between equity research and investment banking as evidenced by research analysts' participation in certain presentations with potential investment banking clients. In addition, research analysts' sometimes sought information from investment bankers at Wachovia in preparing their research reports. Moreover, on occasion, Wachovia Capital Markets considered whether companies were potential clients in determining to provide research coverage on those companies.



- Wachovia did not keep certain electronic communications as required by state securities laws. Wachovia Capital Markets' e-mail system and procedures were inadequate to ensure all electronic mail communications were retained and readily accessible. As a result, 20 percent of the e-mail folders requested in November 2002 could not be produced and 42 percent of the e-mail folders requested in January 2003 were not produced promptly. Wachovia Capital Markets also failed to maintain a system that allowed it to locate and retrieve back-up tapes for its e-mail system.

The multistate settlement is related to the April 2003 Global Settlement that 12 other investment banks have reached with state, federal and industry regulators. Under the terms of settlement, Wachovia Capital Markets will pay a total of \$25 million, including: \$20 million in penalties for failing to supervise its employees in connection with potential conflicts of interest between equity research and investment banking; \$1.65 million in penalties for failing to preserve required books and records; \$3 million to be used for investor education, as designated by the Board of Directors of the North American Securities Administrators Association, Inc. (NASAA); and \$350,000 for costs associated with the investigation, which will be paid to NASAA.

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